QUALITY MANAGEMENT PRACTICES AND PERFORMANCE
OF HOTELS IN NAIROBI

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DECLARATION

I do hereby declare and state that this is my own original work and that it has not been presented in The University of Nairobi or any other institution of learning or otherwise in Kenya or elsewhere for whatever purpose.

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DEDICATION

I dedicate this to my family, Mr. and Mrs. Wayumba. Pauline my sister, it’s been real.
ACKNOWLEDGEMENT

Many thanks to God for seeing me through this. Much appreciation to my supervisor Mr. Onserio Nyamwange.
ABSTRACT

The drive of this study was to investigate the Quality management practices adopted by hotels in Nairobi and find out the impact of the adopted practices on hotel performance. A survey of the 39 hotels in Nairobi listed under the Kenya Association of hotel Keepers and Caterers was done. The study relied on primary data collection where questionnaires were used. Data was analyzed by use of descriptive statistics such as mean, standard deviation, frequencies and percentages and correlation analysis used to find out the extent to which the adopted quality management practices impacted on performance of the hotels. ISO standardization was found to influence willingness of guests to recommend the hotel to others, guests’ willingness to return to the hotel, credit collection period, hotel occupancy rate, hotel revenue per room and reservations efficiency to a moderate extent, but more than any other quality management practice. Benchmarking was found to influence the level of guests’ satisfaction moderately. Benchmarking was also found to positively influence food and beverage costs efficiency, check in/checkout efficiency and performance appraisal, more than the other quality management practices, although to a small extent. It was concluded that quality management practices have been adopted moderately and to a small extent, with benchmarking as the only practice adopted to a large extent and it was recommended that the other practices should also be adopted to a larger extent since it is the quality of product and hotel that give it competitive advantage and is a critical success factor.
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LIST OF ABBREVIATIONS

BSC- Balance Score Card
BPR- Business Process Re-Engineering
CQI- Continuous Quality Improvement
GDP-Gross Domestic Product
PMMS-Performance Measurement and Management System
QMS-Quality Management Systems
TQM-Total Quality Management
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Kenya’s Vision 2030 document lists six key sectors that have been given priority in acting as key growth drivers in the journey towards achievement of Kenya’s 2030 economic vision. The Government therefore earmarked tourism as one of the six key growth sectors of the economic pillar of Vision 2030 and charged the sector with the task of making Kenya one of the top ten long-haul tourist destinations globally, offering a high-end, diverse, and distinctive visitor experience that few of her competitors can offer (GOK, 2006). The Euro Monitor (2013) report on the Kenya’s Tourism situation concluded that despite fears by most international investors that the March 2013 general elections would prove disastrous, there was a marked increase in investment by global players in hotels within the country, due to the growth in inbound business and conference tourism, particularly within the capital. Several developments are already underway, with key global brands such as Radisson Blu, Park Inn by Radisson, Lonrho Hotels and Best Western already set to open for business not too far into the forecast period. Existing players, such as Hilton and InterContinental, are, meanwhile, looking to entrench their presence within the country in order to protect their market shares in the face of the growing competition. The increase in international brands within the region is setting the country up as a regional hub for business and conference tourism, with recognizable brands which make it an ideal destination for tourists looking to stay with brands they trust. However, the recent Westgate attack could slowdown investments and inbound tourism in the country. The two main industries that comprise the activities called Tourism are hospitality and travel industries (Kotler 2010).

1.1.1 Quality Management Practices

The push for increased quality began in American manufacturing companies in the 1980s, following in the footsteps of Japanese manufacturers. Japanese companies found themselves with a distinct competitive advantage over American companies with their ability to produce much higher quality products with fewer defects (Oakland, 2000). The American Society for quality defines quality as the totality of features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs. In the hospitality industry is defined as the consistent
delivery of products and guest services according to expected standards, hence fitness for use (Hayes, Niemeyer & Miller, 2011). Juran (1988) defined quality as “fitness for use,” meaning that the users of products or services should be able to rely on that product or service 100 percent of the time without any worry of defects.

Quality means meeting the customer requirements (Oakland, 2000) and therefore distinguishes one organization, event, product, service, process, person, result, action or communication from another (Dale, 2003). Service quality is therefore seen as the total assessment of how well a service provided meets the expectations of the customer (Zeithaml, Berry & Parasuraman, 1988). It is a way to manage business processes in order to ensure total satisfaction to the customer on all levels (internal and external).

There are different quality dimensions that an organization can leverage to gain competitive advantage. They are performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. Important dimensions in the service industry include, responsiveness, which is the agreeableness to help guests by providing immediate service as soon as a request is received, assurance whereby a hospitality establishment concentrates on the capability to activate trust and confidence of the product or service provided while empathy is the service quality manner that stresses on the contacting of guest’s as personalized. Tangibility is the service dimension that makes a product or service practical and usable for customers (Parasuraman et al., 1985).

The quality of service in the hotel industry is an important factor of successful business. The existing trend of complete quality management in the hotel industry ensures the achievement of competitive advantage of hotel companies and is therefore the subject of contemporary research into service quality in the hotel industry (Gržinić, 2007). Quality management practices are results oriented approaches, dealing with the service characteristics that really matter to end-users hence guarantees the customers the high quality of service they can receive during their stay in a hotel and it provides staff with methodology to show commitment to quality service (Reyad, 2005). The Standards Council of Canada defines a quality management system (QMS) as a system that
defines and establishes an organization's quality policy and objectives. It allows an organization to document and implement the procedures needed to attain these goals. Quality Management practices such as Total Quality Management, Standardization of processes, The Six Sigma techniques, Lean Operations and Continuous process improvement ensure that procedures are carried out consistently, that problems can be identified and resolved and that the organization can continuously review and improve its products and services. These practices act as mechanisms for maintaining and improving the quality of products or services so that they consistently meet or exceed the customer's implied or stated needs and fulfill their quality objectives. They enable organizations to achieve the goals and objectives set out in its policy and strategy, provide consistency and satisfaction in terms of methods, materials, equipment, etc, and interacts with all activities of the organization, beginning with the identification of customer requirements and ending with their satisfaction, at every transaction interface (Gržinić, 2007).

1.1.2 Organizational Performance

Organizational performance has been defined as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions.

The term performance management and measurement refers to any integrated, systematic approach to improving organizational performance to achieve strategic aims and promote an organization’s mission and values (Salem, 2003). Many Performance Management systems borrow from or utilize some of the new approaches such as Balanced Scorecard, Benchmarking, or Business Process Re-engineering (BPR). Performance Measurement must be considered as part of the overall Performance Management system and can be viewed as the process of quantifying the efficiency and effectiveness of actions. In order to assess and evaluate performance accurately appropriate measurement must be designed, developed and maintained by the people who own the process concerned. They may find it necessary to measure
effectiveness, efficiency, quality impact and productivity (Oakland, 2000). A systematic performance measurement and management system (PMMS) needs to be in place for the successful achievement of stakeholder objectives and strategy in the hospitality industry.

A Balanced scorecard defines what management means by performance and measures whether management is achieving desired results. The balanced scorecard translates mission and vision statements into a comprehensive set of objectives and performance measures that can be quantified and appraised. The Triple Bottom Line is a performance measurement technique that takes a much wider perspective of the stakeholders affected by the organization than does the BSC. It is based on the idea that a firm should measure its performance in relation to stakeholders including local communities and governments, not just those stakeholders with whom it has direct, transactional relationships (Hubbard, 2009).

1.1.3 The Hotel Industry in Kenya

The Oxford dictionary defines a hotel as an establishment providing accommodation, meals, and other services for travelers and tourists, by the night. The Kenya’s hotel and restaurants act Cap 494 defines a hotel as a means premises on which accommodation is supplied or available for supply, with or without food or services, to five or more adult persons at one time in exchange for money or money's worth but does not include premises on which the only accommodation supplied or available for supply is under a lease or licence of not less than one month. Kenya's hospitality industry has been eager to capitalize on the favorable tourism outlook.

Over 500 decent hotels (hotels operating under the acceptable, laid out standards) exist in the country and the figures are growing rapidly, mean500 According to the Kenya Investment Authority (2013), competition in the hotel sector is set to go a notch higher as international brands set up shop in Kenya in their bid to get a share of the middle to high income earners market segment. Several other global brands have set up base in the country in the past few years. The tourism industry has been one of the most important drivers behind Kenya’s economic development over recent decades by reducing unemployment, raising national GDP and improving the country’s balance of payments. Tourism is Kenya’s third largest foreign exchange
earner after tea and horticulture, and a major employer, accounting for about 12% of the total wage employment and 13.7% of the gross domestic product (National Tourism Strategy, 2013).

The Kenya Economic Report (2013), lists holidaying as the major purpose of travelling to Kenya, accounting for 75 per cent of all arrivals. Business arrivals stood at 8 per cent, with conference arrivals taking 3 per cent. The government undertook the last national hotel classification exercise in 2002-2003 but since then number of new hotels have come up while some have improved their products and facilities. There is now need to conduct a similar survey urgently, so that the findings can be used to guide stakeholders in the sector.

Kenya has over 9,000 town hotel beds, over 13,000 vacation hotel beds and over 5,000 lodge hotel beds. The estimated hotel bed-night capacity is 17.4 million, operating at 40.3 per cent occupancy level, which is below the optimal level. The Coast region accounts for 50 per cent of all bed-nights. Kenya has over 65,000 hotel beds in 1,700 licensed hotels, out of which 140 (or 8.2%) are classified. This falls below the global standard requirement of at least 100,000 and could limit the country’s ability to hold major conferences and conventions (The Kenya Economic Report, 2013). A positive correlation exists between the number of rooms and the performance of the destination. Of the 28 countries in the 2006 database, South Africa had the greatest number of rooms: 61,417. Tanzania was next with 30,600 rooms. Kenya was third with 24,000 rooms (National Tourism Strategy, 2013.) In 2011, Kenya achieved the highest average length of stay (13.4 days) in a decade, which was a 2.3 per cent improvement over the previous year (Kenya National Bureau of Statistics, 2012). The projected average length of stay (ALS) for the 2012 period is 13.0-13.8 days, a growth of around 3 per cent. Although ALS is a key determinant of per capita tourist spending, there is need to develop innovative tourism products that encourage tourists to spend more. The 1.5 million international tourists that visited Kenya in 2010 generated US$ 700 million for the country’s economy. Estimated receipts from tourism in 2012 stood at Ksh. 96.02 billion, a 1.92 per cent drop from the Ksh. 97.90 billion realized in 2011 (The Kenya Economic Report, 2013).
1.2 Statement of Problem

The hospitality industry is acquiring an increasingly important position in the global economy as a result of globalization of tourism. An ever increasing number of destinations worldwide have opened up to, and invested in tourism, turning tourism into a key driver of socio-economic progress through export, the creation of jobs and enterprises, and infrastructure development.

According to the United Nations World Tourism Organisation (UNWTO) 2014, France continues to top the ranking of international tourist arrivals with 83 million visitors in 2012 (2013 still to be reported), and is 3rd in international tourism receipts (US$ 56 billion in 2013). The United States ranks 1st in receipts with US$ 140 billion and 2nd in arrivals with 70 million. Spain is still the second largest earner worldwide and the first in Europe (US$ 60 billion). Africa has continued to enjoy sustained growth, attracting 5% more international tourist arrivals in 2013, corresponding to an increase of 3 million. The region welcomed a total of 56 million tourists (5% of the world) in 2013 after surpassing the 50 million mark in 2012. International tourism receipts remained at US$ 34 billion. The region maintained a 5% share in worldwide arrivals and a 3% share in receipts. North Africa (+6%) had another year of robust growth. Morocco (+7%) is the first African destination to have surpassed the mark of 10 million international arrivals, while Tunisia (+5%) recovered further. Arrivals growth in Sub-Saharan Africa is estimated at 5%, though South Africa, the largest destination in the sub region, reported 4% growth. Seychelles (+11%) and Gambia (+9%) reported strong growth, while Mauritius (+3%), Zimbabwe (+2%) and Uganda (+1%) posted more modest increases (UNWTO, 2014). According to The Travel & Tourism Competitiveness Report (2013), of the Sub-Saharan countries, only Seychelles is listed in the top forty tourism destinations worldwide, where it was 38, entering the rankings for the first time at the top of the region The report shows notable tourism growth in East Africa was enjoyed by Uganda.

As a globalised sector, inter-destination competition is very high and this phenomenon is caused by amongst other things, the fact that tourism enterprises among which are hotels, now find themselves in a better position to compete internationally. This in turn results in increased international competition not only between destinations but also between hotel establishments
The implication of globalization coupled with the rapid development of new technology, is that today’s tourists is able to compare a variety of destinations before making a choice (Kotler et al, 2010) yet Kenya lacks innovative products to keep guests spending for longer (The Kenya Economic Report, 2013).

Studies such as as undertaken by Quintano (2009) on performance evaluation in the hospitality industry noted that the need arises to question whether the objectives identified by management in reality reflect what the hotel guests consider to be critical to their actual and post-consumption satisfaction. Melia (2011) studied the Critical Success Factors and Performance Management and Measurement of the hospitality sector in Ireland, Oduhno& Kambona (2010) looked into the key performance indicators in the Kenyan hospitality industry and found that hospitality managers in Kenya are still focusing on financial and result measures of performance while ignoring non-financial and determinant measures, Sandt & Hoffmann (2012) studied the impact of performance measurement in a service factory focusing on a British Luxury hotel while Lacle’(2013) studied the management perception of service quality in the hospitality industry and concluded that that effectively managing service quality starts with having the right perception of service quality which relies on how much emphasis management puts in understanding their customers. Al-abedallat and Jaafreh (2012) looked into the effect of quality management practices on organizational performance in Jordan with a focus on the banking industry. Ann and Ian (2003) and Thiong’o (2007) looked at the TQM practices in the hospitality industry and both studies conclude that major difficulty for service organizations in implementing TQM is determining measurements that provide quantifiable data.

Availability of quality hotels and quality services are the key destination choice drivers (Thiong’o 2007). Studies have been done on the importance of quality, most focusing on TQM implementation but no research as yet has been published and known to have been carried out seeking to outline the various quality management practices adopted by rated hotels in Nairobi, and the performance of the hotels and therefore this study is positioned to begin to fill that gap. The main research questions in this study were; what are the quality management practices adopted by hotels in Nairobi? How do the quality management practices adopted by the hotels impact on the performance of the hotels?
1.3 Research Objectives.

I. To establish the quality management practises adopted by hotels in Nairobi

II. To find out the extent to which the quality management practices adopted by the hotels impact on the performance of the hotels.

1.4 Value of the study

Tourism and hospitality sector being one of the major drivers of the economy in Kenya and the world at large, this study will be important to various stakeholders mainly the tourism industry players, educationist, academicians, students and entrepreneurs.

The government has in the recent times spirited up effort to promote the country as a safe destination for both local and international tourists and this report will assist the government regulate the industry.

The report will be of great value to the investors in the industry. It will help them understand what matters to the customers so as to strategically position them in the competitive business environment.

The academic fraternity will find the report important in highlighting the quality management practices adopted in the hospitality industry in Kenya and in effect open up research and study opportunities in areas not adequately covered by the report.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Over the past six decades, tourism has experienced continued expansion and diversification becoming one of the largest and fastest growing economic sectors in the world and despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth. Quality orientation has become a key focus in consumer behavior and business practice (Wang et al., 2012). It is now agreed among managers that quality is a source of competitive advantage in a globalised business environment in which demanding consumers, innovation, knowledge creation, and technology play a decisive role (Hutchins & Gould, 2004; Gretzel et al., 2006). Business success may simply be the extent to which an organization can produce a higher-quality product or service than the competitors are able to do at a competitive price. When quality is the key to a company’s success, quality management systems allow organizations to keep up with and meet current quality levels and therefore meet the consumer’s expectations.

2.2 Quality Management

The hospitality industry is made up of organizations that offer guests courteous, professional food, drink, and lodging services, alone or in combination. The challenge for all organizations in this industry is to ensure that their personnel always provide at least the level of service that their guests want and expect every time, perfectly (Ford et al, 2010). Quality is considered to be of very great importance in the hospitality industry. Mill (1986) identifies the aim of service quality as being able to ensure a satisfied customer. Throughout the history of the quality movement there have been several approaches to quality and even the development of several organizations dedicated solely to setting standards for quality. In order to ensure and keep the quality expected by today’s customer/tourist, hotels need to pay attention to design quality and the quality of conformity with design.

The design quality is a concept implying the presentation of products/services directed to the needs of the clients. The hotel company can satisfy the demands of the tourist only if they are included in its design, i.e. in order to do that, his demands need to be included or built into the
product/service of the hotel. The hotels do market research in order to determine who their customers are and which of their demands require special attention. The quality of conformity with the design completes the first aspect because it represents the level to which the product/service meets the demands of the market. Quality represents the satisfaction of the client’s needs and in order to achieve it and keep it in time, we not only need a continuous research into the demands of the clients but also of our own capabilities. Such an approach would ensure the pursuing of constant improvements according to the demands of the clients (Gržinić, 2007).

2.3 Quality Management Practices

Quality management practices may be defined as techniques for achieving objectives related to both consumer satisfaction and continuous improvement. Quality management practices optimize both the efficiency and effectiveness of a system (e.g., produce only what you need to produce), while traditional management practices are usually only concerned with maximizing the efficiency of the production system (e.g., produce as cheaply as possible). Therefore, the principal difference between the two management approaches is that quality management practices aim to internalize the concept of consumer satisfaction in the different activities of the organization. As there are various practices intended to systematically improve quality, the question then arises, which practice should an organization adopt as any of them offer useful framework for understanding and satisfying the customer? Kotler (2010) states that each program has its own merits and firms can adopt more than one.

According to the American Society for Quality, quality management practices ensure that customers’ requirements such as confidence in the ability of the organization to deliver the desired product and service consistently meeting their needs and expectations. The practices seek to ensure that organization’s requirements are met both internally and externally, and at an optimum cost with efficient use of the available resources – materials, human, technology and information. The success of a program depends on how well a specific improvement program is implemented and integrated with the overall business strategies. Firms that adopt a program because of peer pressure or just as a marketing tool are less likely to succeed than firms that view
these programs as useful development tools. Service champions make best practices in service quality a core part of their organization culture (Kotler, 2010).

Total Quality Management emphasizes quality in every aspect of the business and organization. Its goals are aimed at long-term development of quality products and services. TQM breaks down every process or activity and emphasizes that each contributes or detracts from the quality and productivity of the organization (Summers, 2000). Feigenbaum (1991) defines TQM as a continuous effort to meet the agreed requirements of the customer at the lowest cost through the full involvement of all the employees. It aims to create a corporate quality culture.

Continuous Quality Improvement (CQI) is a quality management practice that came into existence in manufacturing as a different approach to quality and quality systems. The American Society for Quality describes the practice as an ongoing effort to improve products, services or processes. These efforts seek incremental improvement over time or breakthrough improvement all at once. It does not focus as much on creating a corporate quality culture, but more on the process of quality improvement. CQI implementation attempts to develop a quality system that is never satisfied; it strives for constant innovation to improve work processes and systems by reducing time-consuming, low value-added activities. Summers (2000) defines continuous improvement as a philosophy that focuses on improving processes to enable companies give customers what they want the first time, every time. Summers continues to assert that this customer focused, process oriented approach to doing business results to increased satisfaction and delight for both customers and employees.

The Six sigma practice was developed at Motorola in the 1980s as a method to measure and improve high-volume production processes. Its overall goal was to measure and eliminate waste by attempting to achieve near perfect results. The term six sigma refers to a statistical measure with no more than 3.4 defects per million. It is a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process from manufacturing to transactional and from product to service (Pyzdek and Keller, 2010).
ISO quality standards involve standardization of processes. This practice that is now being adopted by many organizations such as the adoption of the single quality standard ISO 9000 which is the only standard of quality with international recognition (Heizer and Render 2008). The series of standards, define, establish, and maintain a quality assurance system for manufacturing and service industries. The standard covers all aspects of an organization’s activities, including: identifying its key processes, defining roles and responsibilities, its policies & objectives, and documentation requirements. It also covers the importance of understanding & meeting customer requirements, communication, resource requirements, training, product & process planning, design processes, purchasing, production & service, monitoring and measurement of products & processes, customer satisfaction, internal audit, management review, and improvement processes (Hoyle, 2006).

Lean Operations/Production is a quality management practice originating in the Toyota Corporation. Lean’s main philosophy is to concentrate time and effort on identifying and refining steps in an operation that the customer deems valuable, and to eliminate wasteful or unnecessary steps in a process (Lee, Olson, Lee, Hwang, & Shin 2007). The program relies heavily on the observation of processes by management, as well as the importance of clean and efficient work spaces. The Lean way to determine value is whether or not customers will pay for that step in the process (Irani, 2011). For example, a clean hotel room is something that a customer may hold valuable. Along the process of cleaning and preparing a hotel room, steps occur that the customer may not perceive as valuable. It is the goal of lean to eliminate the steps that the customer is not willing to pay for, and at the same time can be eliminated from the process without affecting the end product or service. JIT or Just-in-Time is focused on rapid throughput as well as reducing inventory to provide improvements on operations. JIT provides lean operations that supply or receive only the materials needed, only at the time they are needed (Heizer & Render, 2009).

Benchmarking is another quality management practice which involves an organization continuously comparing and measuring itself against business leaders anywhere in the world to gain information and provide a guideline for rational performance goals (Agus, 2008). Benchmarking provides a tool n to formulate for an organization to formulate goals and
strategies by systematic comparison of the key performance metrics against the strongest competitors or renowned leader in the field. This information is then used to direct improvement programs.

2.4 Quality Management Practices and Performance

Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contribution (Salem, 2003). Performance management and measurement systems are developed as a means of monitoring and maintaining organizational control, which is the process of ensuring that an organization pursues action plans that lead to the achievement of overall goals and objectives. These goals should in turn be direct manifestation of the mission and strategic orientation of an organization (Hubbard, 2009). Hotel performance is monitored by looking at what drives the financial results, how the competitors are doing, efficiency of operations and whether the hotel achieves budgeted results for the market.

There are a number of critical success factors, which appear common to most hospitality organizations, such as a customer focus, staff, quality of service and profitability. Once these have been identified it is possible to develop methods of measuring the performance of these factors (Melia, 2011). A good number of independent and chain hotels have opted for a Balanced Scorecard (BSC) approach or its adaptation. In the basic BSC model, a number of objectives (alternatively known as key result areas or critical success factors) are grouped into four major dimensions, i.e., the customer dimension (market share, customer satisfaction measures, customer loyalty), the employee dimension (morale, knowledge, turnover, use of best demonstrated practices), the internal process dimension (productivity rates, quality measures, timeliness), and the financial dimension (revenues, earnings, return on capital, cash flow) (Quintano, 2009). All four dimensions are perceived to be equally important or balanced. Within each dimension, a limited number of objectives/key result areas (KRAs) are also deemed to be all equally important or balanced.
2.4.1 Quality Management Practices and Productivity

Productivity is the relationship between a given amount of output and the amount of input needed to produce it. It is a tool of measurement that determines the efficiency of the organization in terms of the ratio of output produced with respect to inputs used. Quality affects productivity. Both affect profitability. Productivity and quality affect profitability when production is lower than projected cost of raw materials is higher than the budgeted cost, the cost of labor is higher than expected and quality is lower than the quality standard. The drive for any one of the three must not interfere with the drive for the others. An organization is considered a service leader if it offers customers superior value and quality. It is seen as a leader in operations, respected for its superior operational processes (Lovelock & Wirtz, 2007). Efforts at improvement need to be coordinated and integrated (Quintano 2009). After companies determine customer needs, they must concentrate on meeting those needs by yielding high quality products at an efficient rate.

Hotels improve quality and productivity by securing the commitments of all the three levels of management and employees. Top-level management implement sound management practices, use research and development effectively, adopt modern manufacturing techniques, and improve time management, middle management plan and coordinate quality and productivity efforts and the low-level management work with employees to improve productivity through acceptance of change, commitment to quality, and continually improving all facets of their work (Schuurman, 1997). Improving quality by reducing defects will increase good output and reduce inputs. In fact, virtually all aspects of quality improvement have a favorable impact on different measures of productivity – labor productivity and machine productivity. Improving product design and production processes, improving the quality of material and parts and improving job designs and work activity will increase productivity. Quality management practices contribute to improved quality, flexible production systems and quality innovation throughout the production chain.
2.4.2 Quality Management Practices and Competitiveness

A firm is said to have competitive advantage if it is able to achieve and maintain profitability rate above the industry average. Prevention of errors and defects saves costs involved in rework hence profitability. Competitiveness is achieved when customers place a higher value on the organizations goods and services relative to the costs and when an organization can achieve lower production costs for each unit than the average in the industry. This is by designing the right product, ensuring consistency and uniformity of products hence greater customer satisfaction (Agus, 2008). The purpose of business is to attract and maintain satisfied and profitable customers. Customers are attracted and retained when their needs are met. Not only do they return to the same hotel but they also talk favorably to others about their satisfaction (Kotler et al, 2010). A clever and well-executed advertising may attract customers initially, but if the product supplied does not match customer’s quality expectations then in all probability the customer will shift to a competitor's product. The application of quality management techniques is generally perceived as a means to increase a company's competitive performance. Companies that are relatively more competitive than their rivals expand their market share because consumers are satisfied with specific characteristics of their products or services (Schuurman, 1997).

Many studies have investigated the notion that QM practices provide an approach to improve the economic position of organizations in manufacturing and also in service sectors. Specifically, Powell (1995) suggested that there are significant relationships between QM, competitive advantage, and business performance. In addition, several studies have succeeded in providing evidence that QM has a positive impact on financial performance and/or overall performance (Schaffer & Thompson, 1992; Opara, 1996; Cherkasky, 1992; Arawati & Za’faran, 2000). A study by Simmons and White (1999) involving 126 electronics companies concluded that ISO 9000 registered companies are more profitable than non-ISO 9000 companies. Well implemented Quality management practices offer many benefits including improved products and services, reduced costs, more satisfied customer and employees, and improved bottom line financial performance (Powell, 1995) as shown in the figure 2.1 below;
The ISO 9000 standards enable suppliers to demonstrate their ability to meet customers’ requirements and thereby gain the confidence of the purchaser. The competitive performance of companies in global consumer markets therefore will be determined by their capacity to deal simultaneously with the competition factors of price, quality, delivery time, flexibility and innovation. Total Quality Management practices ensure higher consumer satisfaction, increased personnel participation, increased quality awareness, cost reduction and improved enterprise results. Competitiveness is achieved by applying the concept of continuous improvement to the parameters that determine the competition factors of the company. Therefore, the concepts of consumer satisfaction and continuous improvement are the basis for the following strategies: definition of core competencies and the maximization of capital and labour productivity (efficiency); aiming for zero quality defects in the organizational activities at large (quality); optimization of total lead time (delivery time); organization and control of production inputs and outputs in order to deal with diverse and fluctuating market demand (flexibility); and
organization and control of product design and development in order to anticipate and respond in a timely fashion to changing market conditions (innovation)(Khanfar,2011).

2.5 Conceptual Framework
The quality management practices adopted by the hotels influence the performance of the hotels. Hoteliyo handbook (2014) describes the key results areas to lookout for on the balanced scorecard as customer dimension, the employee dimension, the internal process dimension and the financial dimension aiming at increase average room rate, increase revenue per available room, increase non-room revenue, control variable cost, reduce fixed cost, reduce collection period.

**Figure 2.2: Conceptual Model**

<table>
<thead>
<tr>
<th>QUALITY MANAGEMENT PRACTICES</th>
<th>PERFORMANCE OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management (TQM)</td>
<td><strong>Customer Focus</strong> (repeat business, guest satisfaction, profitability)</td>
</tr>
<tr>
<td>Lean Operations</td>
<td><strong>Employee Focus</strong> (Recruitment procedures, training, performance appraisal, staff turnover)</td>
</tr>
<tr>
<td>ISO Standardization</td>
<td><strong>Internal Processes</strong> (Reservations efficiency, check-in/out efficiency, food &amp; beverage costs efficiency)</td>
</tr>
<tr>
<td>The Six Sigma</td>
<td><strong>Financial Dimension</strong> (Hotel occupancy, Revenue per room, debt collection period)</td>
</tr>
<tr>
<td>Benchmarking</td>
<td></td>
</tr>
<tr>
<td>Continuous Quality Improvement</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher
Date: 20/08/2014
CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter sets out the research methodology adopted so as to meet the objectives stated in chapter one of this study.

3.2 Research Designs

Descriptive survey was used to establish the quality management practices adopted by hotels in Nairobi and the impact the practices have on hotel performance. A descriptive survey is a type of conclusive research that has its major objective as description of phenomena associated with a subject, population or to estimate proportions of population that have certain characteristics (Malhotra, 1996). According to Cooper and Schnidler (1998), such studies aim at determining answers to the question of who, what, when, how, why and where.

3.3 Population

According to Kenya Economic Report (2013), over 500 decent hotels (hotels operating under the acceptable, laid out standards) exist in the country but the population of interest for this study consisted all the hotels under the umbrella of the Kenya Association of Hotel Keepers and Caterers (KAHC) based in Nairobi which are 39 in number. The government undertook the last national hotel classification exercise in 2002-2003 but since then number of new hotels have come up while some have improved their products and facilities therefore, the classification list would not have been appropriate for this study.

3.4 Sample Design

The sampling frame for this study was the list of membership of hotels available from Kenya Association of Hotel Keepers and Caterers (KAHC) (Appendix III). The Kenya Association of Hotel Keepers and Caterers has a total of 218 members 39 of which are hotels located in Nairobi. Since the population was small, the study was a census.
3.5 Data Collection

This study relied on primary data sources. The researcher collected the primary data using a structured questionnaire (Appendix I). The researcher used a five-point Likert scale in the survey instrument. A self-administered questionnaire was chosen for this study as it had the lowest cost, and the hospitality managers read and responded to questions at their own pace and time. It also provided the greatest sense of anonymity and had a lower chance of introduction of bias. Drop and pick up later method was be used. The managers were asked to respond to the statement indicating the level of adoption of each quality management practice on a five-point Likert scale (1 – not at all to 5 –very large extent) and their perception on the extent to which of each of the practices impacts on performance. The questionnaires were be submitted front office/reservations managers, restaurant managers in all the 39 hotels and collected after a week.

3.6 Data analysis and presentation

The data collected was sorted and coded to ensure it was complete for analysis. Descriptive statistics such as mean, standard deviation, frequencies and percentages were used to summarize research findings hence analyze the first objective which sought to establish the quality management practices adopted by the hotels. Correlation analysis was used to establish the extent to which the quality management practices adopted by the hotels impact on performance, which was the second objective of the study.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the output of data analysis as per the research objectives which were to establish the quality management practises adopted by hotels in Nairobi and to find out the extent to which the quality management practices adopted by the hotels impact on the performance of the hotels. A balanced Scorecard was used to look at the key result areas. The study targeted the 39 hotels in Nairobi under the membership of Kenya Association of Hotel Keepers and Caterers and two respondents from each hotel, that is the reservations/front office managers and the restaurant managers were selected. 78 4 parts questionnaires were distributed and 60 were returned. This represented a 77% response rate which was considered adequate for analysis. The managers were asked to respond to the statement indicating the level of adoption of each quality management practice on a five-point Likert scale (1 – not at all to 5 –very large extent) and their perception on the impact of each of the quality management practices on performance. The findings were presented in three sections; information about the hotel, the quality management practices hotel performance.

4.2 Demographic Characteristics of Respondents

This section contains the responses pertaining to the respondents’ demographic features. This was meant to establish the suitability of the respondents for the study. The section captures; position in the organization, academic level of respondents and period employees worked in the bank. 50% of the respondents were restaurant managers and the other 50% were reservations managers who were found to have a wide understanding the various quality management practices adopted by their respective hotels. The holders of the two positions were also considered as they are privy to the much needed information on hotel performance, that is hotel bookings hence accommodation and food and beverage.

The respondents provided the details about their academic levels for purposes of understanding their level of understanding of quality management practices and matters pertaining to
performance. It was found out that (61.7%) of the respondents were bachelor degree holders, 26.7% were post-graduate holders, 11.7% were college graduates, 0% were high school leavers and 0% were primary school leavers. From the analysis it can be concluded that most of the respondents are degree holders and therefore could comprehend and respond to the research.

It was important to establish the number of years the respondents had worked in the respective hotels as the longer the years of work in the hotel, the more acquainted the employee would be in regard to the quality management practices adopted by the hotel and the performance of the hotel with regards to the selected performance metrics. Most of the respondents, 31.7%, have been in the hotel for 11-15 years, 28.3% for 6 to 10 years, 20% for 16 to 20 years, 15% for 1-5 years and 3% for over 21 years. From the analysis, it is concluded that most of the managers have been in their respective hotels long enough to correctly respond to the quality management practices of the hotels. The respondents were asked the number of rooms available in each hotel to help establish the number of rooms available per night and was found that a total of 3957 hotel rooms are available per night.

4.3 Quality Management Practices

In order to establish the extent to which the quality management practices adopted by the hotels impact on the hotel performance, it was important for the respondents to first indicate the extent to which they adopted the management practices in their hotels. A scale of 1-5 was used; (1: Not at all, 2: small extent, 3: moderate extent, 4: large extent and 5: very large extent). Mean ratings were determined for each response in order to provide a generalized perception of all the respondents. Mean ratings <1.5 implied that the practice was not adopted at all, means >1.5 but <2.5 implied that the practice was adopted to a small extent, means >2.5 but <3.5 meant that the practice was adopted at a moderate extent, means >3.5 but <4.5 meant that the practice was at a large extent and means >4.5 implied that the practice was adopted at a very large extent. The findings are shown in Table 4.1 below;
Table 4.1 Quality Management Practices

<table>
<thead>
<tr>
<th>PRACTICE</th>
<th>MEAN</th>
<th>STD.DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmarking</td>
<td>4</td>
<td>1.164</td>
</tr>
<tr>
<td>Total Quality Management</td>
<td>3.33</td>
<td>1.036</td>
</tr>
<tr>
<td>Lean Operations</td>
<td>2.82</td>
<td>1.479</td>
</tr>
<tr>
<td>Continuous Quality Improvement</td>
<td>2.65</td>
<td>1.273</td>
</tr>
<tr>
<td>ISO Standardization</td>
<td>2.33</td>
<td>1.387</td>
</tr>
<tr>
<td>Six Sigma</td>
<td>1.08</td>
<td>0.381</td>
</tr>
</tbody>
</table>

Source: Research data, 2014

4.4 Impact of Quality Management Practices on Performance

The study sought to find out the extent to which the quality management practices adopted by the hotels impacted on the performance of the hotels. A balanced scorecard was used to select the performance metrics which were grouped into four major dimensions, i.e., the customer dimension, the employee dimension, the internal process dimension, and the financial dimension (Quintano, 2009). All four dimensions are perceived to be equally important or balanced. A scale of 1-5 was used; (1: Not at all, 2: small extent, 3: moderate extent, 4: large extent and 5: very large extent) was used and a correlation analysis was done to establish the extent to which each practice impacted on the performance metrics (If \( r = +/-.1 \): Not at all, +/- .2: small extent, +/- .3: moderate extent, +/- .4: large extent and +/- .5: very large extent). The correlation analysis resulted in the correlation coefficients, \( r \), illustrated in table 4.2.

The findings show that of all the quality management practices adopted by the hotels, benchmarking had the strongest impact on guest satisfaction with an effect size of 0.339 followed by lean operations 0.336, although to a moderate extent, while six sigma had the least impact on guest satisfaction. A regression analysis shows the interactions of the variables as Level of Guest Satisfaction(y) = 3.17 + 0.03TQM + 0.104 Lean Operations + 0.093 ISO + 0.076 Six Sigma + 0.14 Benchmarking + (-) 0.09 CQI although the independent variables were not
statistically significant as indicated by the P values of less than the significance level of 5%. Guest satisfaction reflects a post-purchase evaluation of product quality given pre-purchase expectations. It has been considered as one of the most important theoretical as well as practical issue for most marketers and customer researchers (Kotler, P, et al, 2010). Benchmarking influenced guest satisfaction as it defines the companies or industry’s best practices that will lead to superior performance or organizational success (Chi Lai, et al., 2011). It’s a significant tool to shape organization strategy and reaching a potential competitive advantage. Benchmarking has been an increasingly important performance management tool that can be used to enable managers to both monitor and improve aspects of their own operational performance by reference to, and learning from, other organizations (Francis, et al., 2002). The aim of benchmarking is to focus on learning from outstanding organizations to find ways to trim costs and delays and to improve customer satisfaction.

Adoption of ISO standardization, 0.200, was found to positively influence the willingness of guests to recommend others to the hotel more than any other quality management practice. Further analysis on the interactions of these variables indicate that the influence was found to be such that Willingness of guests to recommend the hotel to others(y) = 4.70 + 0.30 TQM + 0.09 Lean Operations+ 0.21 ISO + 0.21 Six Sigma+ (-) 0.19 Benchmarking+ 0.091CQI. It has been established that the implementation of Quality Management practices according to International Standard ISO 9001, Environmental Management System according to International Standard ISO 14001 standards and Food Safety Management System according to International Standard ISO 22000 has huge importance in the hotel business practice. Researches carried out all over the world show positive influence of ISO 9001 on business performances (Dragicevic, 2013). It was also established that adoption of ISO standardization with an effect size of 0.237 has greater impact on willingness of guests to return to the hotel while benchmarking-0.069 and lean operations, 0.026 had the least effect on return visits. Further analysis of this interaction resulted in the regression equation; Guests Willingness to return(y) = 4.13 + (-) 0.71 TQM + (-) 0.064 Lean Operations+ 0.285 ISO+ 0.104 Six Sigma+ (-) 0.131 Benchmarking + (-) 0.035CQI with ISO standardization appearing statistically significant(p value=0.023, t value 2.334) This could be attributed to the fact that with ISO standardization, there is reduced number of complaints, increased demand, higher employee commitment, reduced production costs, reduced sale of low
quality and inferior product. (Dragicevic, 2013). Calisir et. al. (2005) reports that the main advantages relate to increased product quality reduced mistakes in production and increased market share.

ISO standardization, 0.348, lean operations, 0.277, and TQM practices 0.124, were found to have a medium effect on credit collection period in that order. It is evident from this study that ISO standardization, 0.320 impacts on hotel room occupancy moderately followed by TQM practices with an effect of 0.235 meaning the impact is to a small extent while the six sigma had no impact on occupancy. A regression analysis on the same shows Hotel Occupancy Rate\(y\) = 3.824 + (-) 0.281 TQM + (-) 0.192 Lean Operations + 0.372 ISO+ (-) 0.191Six Sigma+0.020 Benchmarking+0.052CQI, showing a statistical significant positive relationship between ISO standardization and hotel room occupancy (p value =0.006).

Hotels that focused on ISO standardization, Continuous quality improvement and benchmarking had higher revenue per room with correlation scores of 0.323, 0.280 and 0.258 respectively although the impact was moderate to small. Efficiency in reservations was correlated to adoption of TQM, 0.289, and ISO standardization 0.229 although to a small extent while six sigma -0.012 and benchmarking 0.111 had the least impact. Benchmarking had an equal impact on food and beverage costs efficiency and check in check out efficiency, 0.274. Further analysis by regression indicates that Food and Beverage Costs Efficiency\(y\) =2.841 + (-) 0.067 TQM + (-) 0.124 Lean Operations + 0.153 ISO+ 0.001Six Sigma+0.254 Benchmarking+0.027 CQI. This relationship is positively significant (p value=0.024). The quality management practices were found to have a small impact on Staff turnover with ISO standardization scoring highest with a 0.127 an impact, effect. Continuous quality improvement is the practice found to have an impact although small to training and recruitment procedures while benchmarking has the greater impact on performance appraisal with a 0.234 effect score. Regression analysis found the independent variables, that is the quality management practices, are not statistically significant in explaining the interactions with the dependent variables staff turnover, training and recruitment procedures and performance appraisal as none of the practices scored a p value less than the significance level of 5%.
Because a hotel derives most of its profit and revenue from room sales, the qualifiable approaches center on filling the sleeping rooms. The findings of this study show that adoption of Total quality management practices (0.235) and ISO standardization (0.320) has more impact on occupancy, which is the number of rooms sold in relation to the number of rooms available for sale, than the other practices. This is because TQM has been found to be useful for the hospitality industry; almost all hotels focus on total quality management to improve their business by enhancing customer satisfaction, competitive advantage and retaining guest loyalty hence high occupancy (Chan, 2011).

There has been an increasing recognition within the hotel industry of the importance and value of people; employees as well as guests in the service delivery process, which has led to suggestions that hotels need to develop better performance information relating to such key areas as employee morale and employee satisfaction (Fwaya, 2006; Fitzgerald et al., 1991). The research results indicated that continuous quality improvement (0.157) had an impact though small, on training and recruitment procedures while benchmarking (0.234) was found to have a modest impact on performance appraisal suggesting that the hotels look at performance appraisals procedures of their competitors.

Harris and Mongiello (2001) argue that even though a hotel is thought of in a service context, in reality it encompasses different types of industrial activities (rooms, beverage, and food) that exhibit different business orientations. These three orientations call for a diverse set of performance indicators. In light of this, this study looked at occupancy rates and food and beverage cost efficiency which all affect the hotels competitiveness and productivity. The results as indicated on Table 4.2 show that benchmarking had an impact although moderate on food and beverage cost efficiency (0.274) while ISO has more impact (0.320) on occupancy. Customer satisfaction influences guests willingness to return and recommend the hotel to others which have an impact on profitability competitiveness of the hotel (Kotler et al, 2010). Adoption of ISO standardization was found to influence the willingness of guests to return (0.237) to the hotel and willingness to recommend the hotel to others (0.200).

Noteworthy from this study are the close scores of Lean Operations on customer satisfaction, (0.336), credit collection period (0.277) and reservations efficiency (0.142). Cutting costs in labor has been a popular topic in all industries during times of economic downturn. This is a
particularly slippery slope in the hospitality industry where service may be compromised through cutting costs. Quality service is scrutinized by the customer in hospitality more than ever due to the fact that customers are fewer and are spending less. In spite of economic conditions, hospitality firms must be able to cut costs and still provide a quality product. A proven, effective way to do this in other industries has been to adopt lean operations (Lancaster, J. 2011).

It is clear from the findings that Benchmarking is the popular quality management practice with a mean score of 4 followed by a moderate adoption Total Quality Management (3.33), Continuous Quality Improvement (2.65), ISO Standardization (2.33) and the least adopted practice is the and Six Sigma (1.08). In his study on lean and six sigma in hospitality organizations; benefits, challenges, and implementation, Lancaster (2011) notes that use of six sigma has been limited in hospitality industry despite the documented success of Starwood Hotels implementing it company-wide in 2001. He asserts that its successes in hospitality has occurred in one department projects that were usually aimed at solving one problem yet six sigma processes can be beneficial in improving many departments within a hotel to include house-keeping, food production, and transportation.

How can one hotel be measured against another based on the varying sizes, product types, location types, and service levels in the industry? This question has plagued hospitality professionals for years. Measuring performance is important for investors, owners, and managers. Investors need to be able to measure an individual hotel’s performance in relation to the industry as a whole for many reasons—not the least of which is financial viability. Owners need to know if the hotels in their portfolio are performing up to expectations. Managers use hotel performance measurements as a yardstick of their own professional ability. Performance of an organization has traditionally been measured by looking at the revenues or the profit made at the end of the year, or using key financial ratios. Several research findings (Harris and Mongiello, 2001; Atkinson and Brander-Brown, 2001) in performance management are advocating an emphasis on both financial and non-financial dimensions. Chan (2004) reported on the use of non-financial measures in the balanced scorecard as a performance management system to support reporting on various management activities. Based on the literature, this study looked into both financial and non financial indicators.
Table 4.2 Impact of Quality Management Practices on Performance

The correlation coefficients, $r$

<table>
<thead>
<tr>
<th></th>
<th>TQM</th>
<th>LEAN OPS.</th>
<th>ISO</th>
<th>SIX SIGMA</th>
<th>B.MAR KING</th>
<th>CQI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Guest Satisfaction</td>
<td>0.209</td>
<td>0.336</td>
<td>0.316</td>
<td>0.103</td>
<td>0.339</td>
<td>0.127</td>
</tr>
<tr>
<td>Willingness of guests to recommend the hotel to others</td>
<td>-0.168</td>
<td>0.175</td>
<td>0.200</td>
<td>0.106</td>
<td>-0.064</td>
<td>0.169</td>
</tr>
<tr>
<td>Guests willingness to return</td>
<td>0.044</td>
<td>0.026</td>
<td>0.237</td>
<td>0.082</td>
<td>-0.069</td>
<td>0.027</td>
</tr>
<tr>
<td>Credit collection period</td>
<td>0.155</td>
<td>0.277</td>
<td>0.348</td>
<td>0.073</td>
<td>0.243</td>
<td>0.212</td>
</tr>
<tr>
<td>Hotel occupancy rate</td>
<td>0.235</td>
<td>0.124</td>
<td>0.320</td>
<td>0.012</td>
<td>0.22</td>
<td>0.193</td>
</tr>
<tr>
<td>Hotel revenue per room</td>
<td>-0.078</td>
<td>0.23</td>
<td>0.323</td>
<td>0.070</td>
<td>0.258</td>
<td>0.280</td>
</tr>
<tr>
<td>Reservations efficiency</td>
<td>0.289</td>
<td>0.142</td>
<td>0.229</td>
<td>-0.012</td>
<td>0.111</td>
<td>0.201</td>
</tr>
<tr>
<td>Food and beverage costs efficiency</td>
<td>0.108</td>
<td>0.124</td>
<td>0.216</td>
<td>0.062</td>
<td>0.274</td>
<td>0.146</td>
</tr>
<tr>
<td>Check in Check out efficiency</td>
<td>-0.048</td>
<td>0.097</td>
<td>0.127</td>
<td>0.004</td>
<td>0.274</td>
<td>0.066</td>
</tr>
<tr>
<td>Staff turnover</td>
<td>-0.070</td>
<td>0.060</td>
<td>-0.030</td>
<td>0.100</td>
<td>0.093</td>
<td>0.025</td>
</tr>
<tr>
<td>Training and recruitment procedures</td>
<td>0.011</td>
<td>0.113</td>
<td>0.105</td>
<td>0.094</td>
<td>0.140</td>
<td>0.157</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>-0.061</td>
<td>0.148</td>
<td>0.153</td>
<td>0.153</td>
<td>0.234</td>
<td>0.115</td>
</tr>
</tbody>
</table>

Source: Primary data, 2014
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails the summary of the study, conclusion and recommendations based on the objectives of the study. The study sought to find out the quality management practices adopted by hotels in Nairobi and the extent to which the adopted practices impacted on performance of these hotels. In addition, this chapter provides a direction for further studies.

5.2 Summary

The purpose of this study was to establish the quality management practices adopted by hotels in Nairobi and establish the extent to the adopted quality management practices impact on the performance of the hotels. The study targeted the 39 hotels in Nairobi under the membership of Kenya Association of Hotel Keepers and Caterers and two respondents from each hotel, that is the reservations/front office managers and the restaurant managers were selected and questionnaires submitted to the respondents who were asked to rate on a likert scale the extent to which their hotels adopted the quality management practices and the impact on performance.

The findings indicated that it was found that over 3957 hotel rooms are available per night in Nairobi and that most of the guests in these hotels are both business travelers and holiday makers. It was established that majority of the respondents were bachelor degree holders and most of them had worked in the respective hotels long enough to understand the quality management practices adopted by the hotels and the performance of the hotel as well. The research findings indicate that benchmarking has been adopted to a large extent while Total Quality Management, Continuous Quality Improvement and ISO Standardization to a moderate extent and the least adopted practice is the Six Sigma. The adoption of these practices was found to impact on performance though none was found to impact on performance to a large extent but from moderate to small. ISO standardization was found to influence willingness of guests to recommend the hotel to others, guests’ willingness to return to the hotel, credit collection period,
hotel occupancy rate, hotel revenue per room and reservations efficiency to a moderate extent, but more than any other quality management practice. Benchmarking was found to influence the level of guests’ satisfaction moderately. Benchmarking was also found to positively influence food and beverage costs efficiency, check in/checkout efficiency and performance appraisal, more than the other quality management practices, although to a small extent.

5.3 Conclusion

Hotel management scholars consider service quality a precedent to guest satisfaction. Satisfied customers return to the hotel and recommend the hotel to others hence increased competitiveness which translates to profitability (Kotler 2010). Despite the development of performance measurement systems in the hospitality industry, various researchers (Brander-Brown and McDonnell, 1995; Atkinson and Brander-Brown, 2001; Harris and Mongiello, 2001) have pointed to the reluctance of the hospitality industry to use balanced measures and rely solely on financial measures. It was seen from the study that quality management practices have been adopted moderately and to a small extent, with benchmarking as the only practice adopted to a large extent, yet it is the quality of product and hotel that give it competitive advantage and is a critical success factor. Hotels should adopt more quality management practices and to a larger extent in order to ensure satisfied customers and to improve performance.

5.4 Recommendations

It was established from the study that benchmarking was the only largely adopted quality management practice. The other practices should also be adopted to a larger extent. Parasuraman et al. (1995, 1998), suggests that service quality and its dimensions are among the important factors influencing guest satisfaction. Attainment of quality in products and services has become a pivotal concern and therefore extensive exploration of quality management practices other than benchmarking is necessary ensure that guests’ expectations are exceeded.
5.5 Limitations of study

Lack of a proper classification system of hotels meant that some hotels that are not under the umbrella body of Kenya Association of Hotel Keepers and Caterers were not considered in the population of this study. The industry population surveyed represents hospitality managers in Nairobi; therefore the study may not be generalized outside hospitality industry in Nairobi. The selected respondents who are managers in the hotels are usually very busy and therefore they required a lot of time in order to fill in the questionnaires. The challenge was overcome by giving the respondents the questionnaires and agreeing to their time frame request to fill the questionnaires. Not all questionnaires were returned leading to a response rate of 77%. Although this was considered adequate for the study, 100% response would have been more preferable.

5.6 Suggestions for Further Research

Further studies should be conducted to find out the reasons for the low adoption of the Six sigma in the hospitality industry as it was the quality Management practice that was least adopted. There are ongoing efforts to rate hotels on eco-tourism and waste management aspects. Hotels need to be aware of the impact of their activities on the environmental. Therefore, there is need for studies to measure hotel performance on this dimension so as to contribute to the national efforts being done to conserve the environment in Kenya.
REFERENCES


32


APPENDICES

APPENDIX I: QUESTIONNAIRE

Section A: General Information

1. Name of the Hotel………………………………………………………………

2. What is your designation in the department……………………………………

3. Highest academic qualifications attained:
   
   Post Graduate Degree ( )
   Bachelor Degree ( )
   College ( )
   High school ( )
   Primary school ( )

4. Number of years you have worked in this organization:
   
   1 – 5 yrs ( )
   6 – 10 yrs ( )
   11 – 15 yrs ( )
   16 – 20 yrs ( )
   21 yrs and above ( )

5. Description of customers ( ) Business Customers ( ) Holiday Makers ( ) Both

6. Number of rooms………………………………………………………………………………………………

Section B: Quality Management Practices

1. Has the Hotel adopted any of the following practices?(Tick where appropriate)
<table>
<thead>
<tr>
<th>PRACTICE</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lean Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISO Standardization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Six Sigma</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous Quality Improvement</td>
<td></td>
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</tr>
<tr>
<td>Benchmarking</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please Indicate if other……………………………………………………………………

2. Please indicate the extent to which each of the practices has been adopted by the hotel

   Use the following scale: 5= Very large extent 4= Large extent 3= Moderate extent 2=
   Small extent 1= Not at all

<table>
<thead>
<tr>
<th>PRACTICE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lean Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISO Standardization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Six Sigma</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous Quality Improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benchmarking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: Hotel Performance

1. Please indicate the extent to which the Quality Management practices adopted by the hotel impact on the following.

   Use the following scale: 5= Very large extent 4= Large extent 3= moderate extent 2=
   Small extent 1= Not at all

<table>
<thead>
<tr>
<th>Level of Guest Satisfaction</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
Willingness of guests to recommend the hotel to others
Guests willingness to return
Credit collection period
Hotel occupancy rate
Hotel revenue per room
Reservations efficiency
Food and beverage costs efficiency
Check in Check out efficiency
Staff turnover
Training and recruitment procedures
Performance appraisal

Section D: Comments

1. In your opinion what other quality management practices would you wish to see the hotel adopt and why?.................................................................................................................................
   ........................................................................................................................................

2. Please share any additional comments?.................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
APPENDIX II: LETTER OF INTRODUCTION

LETTER TO RESPONDENTS

September, 2014

Dear Sir/Madam,

RE: REQUEST FOR UNDERTAKING RESEARCH AT YOUR ESTABLISHMENT
QUALITY MANAGEMENT PRACTICES AND PERFORMANCE OF HOTELS IN
NAIROBI

I am a postgraduate student at the University of Nairobi pursuing a degree of Master of Business Administration. In order to fulfill the degree requirements, I am undertaking a management research project on Quality Management Practices and Performance of Hotels in Nairobi.

I kindly request you to authorize me to conduct interviews in your establishment with your key staff to gather the required information. My supervisor and I assure you that this information will be treated in strict confidence and will be used purely for academic purposes and your name will not be mentioned in the report. A copy of the final project shall be availed to you upon request.

Your co-operation will be highly appreciated and thank you in advance.

Yours faithfully,

Truphena Owiti
MBA Student,
University of Nairobi.

Onserio Nyamwange,
Project Supervisor,
University of Nairobi.
APPENDIX III: LIST OF HOTELS IN NAIROBI

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Central Park Hotel</td>
<td>Sheikh Karume Road, central Nairobi</td>
</tr>
<tr>
<td>2. Crowne Plaza</td>
<td>Upperhill</td>
</tr>
<tr>
<td>3. Eka Hotel</td>
<td>Mombasa Road</td>
</tr>
<tr>
<td>4. Fairmount, The Norfolk</td>
<td>Harry Thuku Road</td>
</tr>
<tr>
<td>5. Fairview Hotel</td>
<td>Bishop's Road, Upper Hill</td>
</tr>
<tr>
<td>6. Hemmingways</td>
<td>Mbagathi Ridge, off Karen road, Karen</td>
</tr>
<tr>
<td>7. Hillpark Hotel</td>
<td>Nairobi's Lower Hill</td>
</tr>
<tr>
<td>8. Hilton Nairobi</td>
<td>Nairobi CBD, five minutes from KICC</td>
</tr>
<tr>
<td>9. Intercontinental Hotel</td>
<td>Uhuru Highway, opposite Uhuru Park, Nairobi</td>
</tr>
<tr>
<td>10. International Hotel &amp; Tourism Institute</td>
<td>Nyeri road. Kileleshwa</td>
</tr>
<tr>
<td>11. Jacaranda Hotel</td>
<td>Westlands, Nairobi</td>
</tr>
<tr>
<td>14. Kentmere Club</td>
<td>Limuru-Tigoni-Banana Rd,</td>
</tr>
<tr>
<td></td>
<td>Name</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>15.</td>
<td>Kenyatta International Conference Center</td>
</tr>
<tr>
<td>16.</td>
<td>Kivi Milimani</td>
</tr>
<tr>
<td>17.</td>
<td>Laico Regency</td>
</tr>
<tr>
<td>18.</td>
<td>Milele Nairobi</td>
</tr>
<tr>
<td>19.</td>
<td>Muthaiga Country Club</td>
</tr>
<tr>
<td>20.</td>
<td>Mvuli House</td>
</tr>
<tr>
<td>21.</td>
<td>Nairobi Club</td>
</tr>
<tr>
<td>22.</td>
<td>Nairobi Safari Club</td>
</tr>
<tr>
<td>23.</td>
<td>Nairobi Serena</td>
</tr>
<tr>
<td>24.</td>
<td>Ole Sereni Hotel</td>
</tr>
<tr>
<td>25.</td>
<td>Parklands Sports Club</td>
</tr>
<tr>
<td>26.</td>
<td>Presbyterian Guest House and Conference Center</td>
</tr>
<tr>
<td>27.</td>
<td>Red Court</td>
</tr>
<tr>
<td>28.</td>
<td>Safari Park Hotel and Casino</td>
</tr>
<tr>
<td>No.</td>
<td>Hotel Name</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>29</td>
<td>Sankara Nairobi</td>
</tr>
<tr>
<td>30</td>
<td>Sarova Panafric</td>
</tr>
<tr>
<td>31</td>
<td>Southern Sun, Mayfair</td>
</tr>
<tr>
<td>32</td>
<td>Sovereign Suites</td>
</tr>
<tr>
<td>33</td>
<td>The Boma Nairobi</td>
</tr>
<tr>
<td>34</td>
<td>The Panari</td>
</tr>
<tr>
<td>35</td>
<td>The Sarova Stanley</td>
</tr>
<tr>
<td>36</td>
<td>Tribe, The Village Market Hotel</td>
</tr>
<tr>
<td>37</td>
<td>Upperhill Country Club</td>
</tr>
<tr>
<td>38</td>
<td>Utalii Hotel</td>
</tr>
<tr>
<td>39</td>
<td>Windsor Golf and Country Club</td>
</tr>
</tbody>
</table>

Source: Kenya Association of Hotelkeepers and Caterers